

FINANCIAL SERVICES M&A DEALS ATTRACTING INVESTORS - RAMÓN Y CAJAL ABOGADOS

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Financial services M&A – particularly in relation to the cajas, or savings banks, and their divestitures – has been one of the main sources of work for corporate lawyers recently, according to Antonio Sánchez Montero, corporate partner at Ramón y Cajal Abogados.

What are the reasons for this trend? “We are now seeing more banks bundle non-strategic interests into portfolios, which has caught the attention of foreign investors,” Sánchez Montero says.

Indeed, Sánchez Montero argues that foreign investments in banking and real estate have been the driving force behind the M&A renaissance. Real estate portfolios and individual “trophy assets” have been high on the agenda, including office buildings, hotels and even vacant properties, which buyers have been snapping up with a view to redeveloping into office, retail or leisure facilities.

"There has not been one specific type of real estate asset that investors are focusing on," Sánchez Montero says. "The key issue for a buyer is what the value of that asset can be. It may be a high occupancy hotel or an empty building, which may be converted into a new office complex to provide much more value, as there may be a perception of undervaluation."

It has been international investors – mostly from places like the UK, Europe, the US, and, to a lesser extent, from Asia, Russia and the Middle East – that have been most active in real estate M&A. He believes that the flow of activity will start to encourage more confidence in all sectors and generate more M&A work.

So what is the outlook for the coming year? "Spanish buyers still face issues over obtaining financing but I think the low interest rates will improve the situation," Sánchez Montero says. "The increase in M&A involving international companies is a clear sign of growing confidence in the Spanish economy and, as activity increases, this confidence will filter down to other businesses and continue to improve the outlook."